

TELEGRAM INFORMATION REPORT TELEGRAM**CENTRAL INTELLIGENCE AGENCY**

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CLASSIFICATION — DISSEMINATION CONTROLS

COUNTRY CHINA (TAIWAN)

REPORT NO.

SUBJECT FOREIGN MINISTER SHEN CH'ANG-HUAN'S
COMMENTS ON FOREIGN AFFAIRS

DATE DISTR. 21 AUGUST

PRECEDENCE ROUTINE

DATE OF INFO. 17 AUGUST 1962

RETAIN OR DESTROYPLACE &
DATE ACQ.

FIELD REPORT NO.

1. FOREIGN MINISTER SHEN CH'ANG HUAN ON 17 AUGUST WAS PESSIMISTIC ABOUT THE FUTURE OF THE GOVERNMENT OF THE REPUBLIC OF CHINA (GRC) POSITION IN LAOS AND THE ASIAN GAMES. SEVERENCE OF RELATIONS WITH THE ROYAL LAOTIAN GOVERNMENT WOULD BECOME INEVITABLE SINCE THE LAOTIANS HAD ALREADY DECIDED TO RECOGNIZE COMMUNIST CHINA. THIS RECOGNITION NEEDED ONLY THE KING'S APPROVAL. THE GRC WOULD WAIT UNTIL THE LAST MINUTE BEFORE PULLING OUT OF LAOS, HOWEVER, IN ORDER TO SEEM TO HAVE PUT UP A BITTER FIGHT. SIMILARLY, THE GRC WOULD HOLD OUT TILL THE END IN ITS ATTEMPTS TO SEND A TEAM TO THE ASIAN GAMES, BUT WAS PREPARING

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TO PLACE THE BLAME FOR ITS PROBABLE ULTIMATE WITHDRAWAL ON THE
INDONESIAN GOVERNMENT.

2. SHEN VIEWED MORE OPTIMISTICALLY THE GRC POSITION IN THE
UNITED NATIONS AND GRC RELATIONS WITH THE UNITED STATES. VOTING
ESTIMATES OF SUPPORT FOR THE GRC IN THE UNITED NATIONS WERE
IMPOSSIBLE TO DETERMINE NOW, BUT THE 1961 VOTING RATIO AT LEAST
WOULD PROBABLY HOLD FOR 1962. THE GRC PROBLEMS IN THE UNITED
NATIONS IN 1961 WERE THE RESULT OF THE CHANGE OF THE WASHINGTON
ADMINISTRATION AND ITS DESIRE TO DO SOMETHING NEW AND DIFFERENT.
NOW IT WAS CLEAR THAT NEW COURSES OF ACTION WERE IMPOSSIBLE.
GRC RELATIONS WITH THE UNITED STATES GOVERNMENT AS OF
AUGUST 1962 WERE NORMAL AND NO OUTSTANDING ISSUES EXISTED
BETWEEN THE TWO NATIONS. THEY HAD OPENLY AND FRANKLY DISCUSSED
POLICIES; THE ISSUES WERE CLEAR WITH NO ROOM FOR BLUFFING OR
MANEUVERING ON EITHER SIDE. THE ISSUE OF MAINLAND COUNTERATTACK
DID NOT INVOLVE THE SINO-AMERICAN MUTUAL DEFENSE TREATY; TREATY
REVISION MIGHT THUS NOT BE NECESSARY. OFFSHORE ISLANDS DEFENSE
WAS NOT STIPULATED IN THE TREATY BUT BOTH THE GRC AND THE UNITED
STATES HAD FOLLOWED EVENTS, CONSULTED EACH OTHER AND HAD AGREED
IN THE PAST TO TAKE STEPS OUTSIDE THE TREATY. THEY COULD DO SO
AGAIN IF CIRCUMSTANCES AND THE SITUATION DEMANDED AND JUSTIFIED
IT. THE COUNTERATTACK DEPENDED ON CONDITIONS ON THE MAINLAND,

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GRC STRENGTH, THE SOUTHEAST ASIAN SITUATION AND UNITED STATES DETERMINATION. UNITED STATES DETERMINATION DEPENDED ON THE FIRST THREE FACTORS. IF CONDITIONS ON THE MAINLAND DETERIORATED OR THE COMMUNISTS ACTED AGGRESSIVELY IN SOUTHEAST ASIA, CONDITIONS FOR A COUNTERATTACK WOULD BE IMPROVED. 3. UNITED STATES FOREIGN AID POLICY HAD BECOME MORE REALISTIC TOWARD THE REST OF THE FREE WORLD. THE UNITED STATES TOOK ITS OWN STRATEGIC SECURITY AS THE NUMBER ONE CRITERION IN DEALING WITH OTHER NATIONS. THE ISSUES OF PRINCIPLES OR MORALITY NO LONGER DOMINATED BECAUSE THEY WERE INEFFECTIVE AND IMPRACTICAL. THE POLICY WAS ONE OF EXPEDIENCY AND TRYING TO MAINTAIN THE WORLD <u>STATUS QUO</u>. THE UNITED STATES LACKED LONG-RANGE VIEWS, HOWEVER, AND DEALT WITH ISSUES ON A DAY-TO-DAY BASIS. 4. THE OUTLOOK FOR THE FREE WORLD POSITION IN THE COLD WAR WAS NOT REASSURING. SOVIET ASTRONAUTICAL FEATS MIGHT CAUSE NEUTRAL AND UNCOMMITTED NATIONS TO WAVER. UNITED STATES PRESTIGE WAS REDUCED DUE TO SOVIET SUPERIORITY IN SCIENTIFIC ACHIEVEMENT. THE WORLD MIGHT ESTIMATE THAT THE UNITED STATES HAD LOST THE LEAD NOT ONLY IN THE ARMAMENTS RACE BUT IN SCIENTIFIC EXPLOITATION AS WELL. PRESIDENT KENNEDY'S STATEMENT ABOUT AN AMERICAN ON THE MOON MIGHT BOOMERANG BADLY IF THE USSR PLACED A MAN THERE FIRST. THE UNITED STATES MUST MAINTAIN		
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SUPERIORITY IN DEFENSE AND SECURITY REQUIREMENTS AND ALSO IN SCIENTIFIC AND TECHNOLOGICAL MATTERS.			(b)(1) (b)(3)

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